Supreme Court, U.S.
FILED

No. 10-10-899 JAN 10 2011

IN THE OFFICE OF THE CLERK

Supreme Court of the United States

PHILIP W. WYERS and
WYERS PRODUCTS GROUP, INC.,

Petitioners,

v.

MASTER LOCK COMPANY,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

AARON P. BRADFORD
Counsel of Record
DONALD E. LAKE
LATHROP & GAGE LLP
950 17th Street, Suite 2400
Denver, Colorado 80202
(720) 931-3200
ABradford@LathropGage.com

Attorneys for Petitioners

234153

COUNSEL PRESS
(800) 274-3321 • (800) 359-6859

QUESTIONS PRESENTED

The Patent Act provides that "[a] patent shall be presumed valid" and that "[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity." 35 U.S.C. § 282. The Court of Appeals for the Federal Circuit reversed a properly instructed jury's verdict of non-obviousness after finding the jury did not consider certain art when analyzing obviousness, and that "common sense", in light of the additional art, rendered the patents obvious under Section 103(a) of the Patent Act. The questions presented are:

Whether the Court of Appeals denied Wyers' Seventh Amendment right to a jury trial by substituting its own evaluation of the *Graham* factual findings for those made by the jury in its general verdict.

Whether the Court of Appeals erred in applying the "clear error" standard to the jury's factual findings rather than the substantial evidence standard.

CORPORATE DISCLOSURE STATEMENT

Rule 29.6 Corporate Disclosure Statement: Wyers Product Group is a Colorado corporation that is wholly owned by Philip W. Wyers.

PARTIES TO THE PROCEEDING

Pursuant to Rule 14.1(b), the parties here and in the proceeding in the United States Court of Appeals for the Federal Circuit are listed. Petitioner here and Plaintiff-Appellee below is Philip W. Wyers and Wyers Product Group. Respondent here and Defendant-Appellant below is Master Lock Company.

TABLE OF CONTENTS

	Page
QUESTIONS PRESENTED	i
CORPORATE DISCLOSURE STATEMENT	ii
PARTIES TO THE PROCEEDING	iii
TABLE OF CONTENTS	iv
TABLE OF APPENDICES	vii
TABLE OF CITED AUTHORITIES	viii
PETITION FOR A WRIT OF CERTIORARI	1
OPINIONS BELOW	1
JURISDICTION	1
STATUTORY PROVISIONS INVOLVED	2
STATEMENT OF THE CASE	2
I. A NEW TRIAL IS NECESSARY WHEN A REVIEWING COURT FINDS THAT THE JURY'S VERDICT ON VALIDITY WAS NOT PREMISED UPON ALL OF THE ANALAGOUS ART	10

Table of Contents

Page

1. As a matter of law, the Federal Circuit should have presumed that the jury determined that the Down patent was of insufficient merit to warrant a finding of invalidity 14

2. Remand for a new jury trial on the additional art was required when the Federal Circuit concluded that the jury's verdict was not premised upon the additional art 15

II. CERTIORARI SHOULD BE GRANTED TO ESTABLISH THE APPROPRIATE STANDARD AND APPROACH TO THE REVIEW OF A JURY VERDICT 18

1. Confusion exists over the proper form of verdict on the question of obviousness 19

2. The standards applicable to the review of a verdict under Rule 50 and Rule 52 are very different..... 22

3. The Federal Circuit's application of the clear error standard creates a split in the circuits 24

Table of Contents

Page

4. The record evidence, when viewed through the lens defined in *Reeves*, demanded affirmance of the jury's verdict 25

5. The Court of Appeals erred by finding that admissions of validity, and statements of praise, by the infringer are irrelevant to rebutting a claim of obviousness 34

III. A COURT MAY NOT OVERTURN A JURY VERDICT AND INVALIDATE A PATENT ON THE BASIS OF COMMON SENSE 35

CONCLUSION 38

TABLE OF APPENDICES

Page

APPENDIX A — ORDER DENYING PETITION FOR REHEARING IN THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED OCTOBER 12, 2010 ..... 1a

APPENDIX B — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, DECIDED JULY 22, 2010 ..... 3a

APPENDIX C — JUDGMENT OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLORADO, DATED MAY 28, 2009 ..... 42a

APPENDIX D — ORDER REGARDING ENTRY OF JUDGMENT IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLORADO, DATED MAY 21, 2009 ..... 51a

APPENDIX E — ORDER OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLORADO, DATED MAY 12, 2009 ..... 54a

APPENDIX F — ORDER OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLORADO, DATED MAY 8, 2009 ..... 62a

APPENDIX G — RELEVANT CONSTITUTIONAL AMENDMENT, FEDERAL RULE & STATUTORY PROVISION 74a

TABLE OF CITED AUTHORITIES

Page

CASES

Alza Corp. v. Mylan Labs., Inc.,
464 F.3d 1286 (Fed. Cir. 2006) 35

American Airlines v. Lockwood,
515 U.S. 1182 (1995) 17

Aramaic Tech., Inc. v.
Cable & Wireless Internet Services, Inc.,
344 F.3d 1186 (Fed. Cir. 2003) 12

Asyst Technologies, Inc. v. Emtrak, Inc.,
544 F.3d 1310 (Fed. Cir. 2008) 13

Callaway Golf v. Acushnet Co.,
576 F.3d 1331 (Fed. Cir. 2009) 28

Connell v. Sears Roebuck & Co.,
722 F.2d 1542 (Fed. Cir. 1984) 15-16

Crocs v. Int'l Trade Comm'n,
598 F.3d 1294 (Fed. Cir. 2010) 8, 31, 32, 33

Daiichi Sanko Co, LTD. v. Apotex, Inc.,
501 F.3d 1254 (Fed. Cir. 2007) 12-13

Dairy Queen, Inc. v. Wood,
369 U.S. 469 (1962) 11

Cited Authorities

Page

DyStar Textilfarben GmbH & Co. Deutschland KG v. C.H. Patrick Co., 464 F.3d 1356 (Fed. Cir. 2006) 12, 13, 36

Golden Blount, Inc. v. Robert H. Peterson, Co., 438 F.3d 1354 (Fed. Cir. 2006) 22

Graham v. John Deere Co. of Kansas City, 383 U.S. 1 (1966) ..... *passim*

Haughey v. Lee, 151 U.S. 282 (1894) 34

In re Deminski, 796 F.2d 436 (Fed. Cir. 1986) 7

In re Kahn, 441 F.3d 977 (Fed. Cir. 2006) 36

In re Lockwood, 50 F.3d 966 (Fed. Cir. 1995) 3, 11, 17, 20

In re Technology Licensing Corp., 423 F.3d 1286 (Fed. Cir. 2005) 17

In re Zurko, 258 F.3d 1379 ..... 35, 36

Innogentics, N.V. v. Abbott Labs., 512 F.3d 1363 (Fed. Cir. 2008) 31

Cited Authorities

Page

Iron Grip Barbell Co., Inc. v. USA Sports, Inc.,
392 F.3d 1317 (Fed. Cir. 2004) 37

Kemin Foods, L.C. v.
Pigmentos Vegetales Del Centro S.A.,
464 F.3d 1339 (Fed. Cir. 2006) 18

Kinetic Concepts, Inc. v.
Blue Sky Medical Group, Inc.,
554 F.3d 1010 (Fed. Cir. 2009) 24, 28

KSR Int'l Co. v. Teleflex Inc.,
550 U.S. 398 (2007) ..... *passim*

Lytle v. Household Mfg., Inc.,
494 U.S. 545 (1990) 12

Medlock v. Ortho Biotech, Inc.,
164 F.3d 545 (10th Cir. 1999) 24, 25

Ormco Corp v. Align Tech, Inc.,
463 F.3d 1299 (Fed. Cir. 2006) 32

Paramount Publix Corp. v.
Am. Tri-Ergon Corp.,
294 U.S. 464 (1935) 34

Parsons v. Bedford,
28 U.S. (3 Pet.) 433, 7 L. Ed. 732 (1830)..... 10

Cited Authorities

Page

Perfect Web Tech. v. InfoUSA, Inc.,
587 F.3d 1324, 1328-29 (Fed. Cir. 2009)
(*citing In re Lee*, 277 F.3d 1338, 1344
(Fed. Cir. 2002)..... 35-36

R.R. Dynamics v. A. Stucki Co.,
727 F.2d 1506 (Fed. Cir. 1984) 16

Reeves v. Sanderson Plumbing Products, Inc.,
530 U.S. 133 (U.S. 2000)..... *passim*

Schwimmer v. Sony Corp. of America & Venture Tech Inc. v. Nat'l Fuel Gas Dist Corp,
459 U.S. 1007 (1982) 19

Specialty Composites v. Cabot Corp.,
845 F.2d 981 (Fed. Cir. 1988) 22

TI Group Automotive Systems (North America), Inc. v. VDO North America, L.L.C.,
375 F.3d 1126 (Fed. Cir. 2004), *rehearing and rehearing en banc denied, certiorari denied*,
543 U.S. 1147 16

Trimed v. Stryker,
608 F.3d 1333 (Fed. Cir. 2010) 36

Uniloc USA, Inc. v. Microsoft Corp.,
2011 WL 9738 (Fed. Cir. Jan. 4, 2011) 29

Page

United States v. Adams,
383 U.S. 39 (1966) 31, 32

Webco Indus., Inc. v. Thermatool Corp.,
278 F.3d 1120 (10th Cir. 2002) 25

Wyers v. Master Lock,
616 F.3d 1231 (Fed. Cir. 2010) ..... *passim*

STATUTES

U.S. Const. amend. VII 10

28 U.S.C. § 1254 (1)..... 1

Fed. R. Civ. P. 50..... 18, 22, 23, 24

Fed. R. Civ. P. 52..... 23, 24

Fed. R. Civ. P. 52(a) 22

Fed. R. Evid. 402 34

Fed. R. Evid. 801(d)(2) 34

PETITION FOR A WRIT OF CERTIORARI

Petitioners, Philip Wyers and Wyers Product Group, (hereinafter "Wyers") respectfully petition for a writ of certiorari to review the Federal Circuit's reversal of Senior Judge Lewis T. Babcock's denial of Master Lock Company's (hereinafter "MLC") renewed motion for judgment as a matter of law ("JMOL") on the question of obviousness. Relying upon its formulation of "common sense," and prior art it found the jury did not consider, the Court of Appeals invalidated Wyers' three patents-in-suit.

OPINIONS BELOW

The court of appeals' opinion is reported at *Wyers v. Master Lock*, 616 F.3d 1231 (Fed. Cir. 2010) and attached hereto as Appendix B, p. 3a. The court of appeal's order denying Wyers' petition for rehearing and rehearing *en banc* is unreported but attached as Appendix A. The District Court's judgment is attached as Appendix C, p. 42a, and the orders resolving the post-trial motions are attached as Appendix E (damages, p. 54a) and F (obviousness, p. 62a).

JURISDICTION

The court of appeals' judgment was entered on July 22, 2010. App. B. A timely combined petition for rehearing and for rehearing *en banc* was denied on October 9, 2010. App. A. This Court has jurisdiction pursuant to 28 U.S.C. Section 1254 (1).

STATUTORY PROVISIONS INVOLVED

This case concerns whether the Seventh Amendment of the United States Constitution (App G) and Federal Rule of Civil Procedure 50 require that patentees be afforded a jury trial on analogous art the reviewing court deems relevant. This case also concerns the proper methodology for judicial review where a jury returns a general verdict on question of obviousness set forth in Section 103(a) of the Patent Act, reproduced at App G. This case looks at the proper view and use of "common sense" in the obviousness analysis under Section 103(a).

STATEMENT OF THE CASE

This case presents the ideal vehicle for addressing important issues facing patent law today: the patentee's right to a jury trial on obviousness, the standard of review applicable to jury verdicts, and the import of a court's "common sense" when reviewing a properly instructed jury's verdict of validity. Obviousness is a question of law based upon underlying findings of fact that include (1) the scope and content of the prior art, (2) the differences between the prior art and the claims at issue; (3) the level of ordinary skill in the art, and (4) any objective indicia of non-obviousness. *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17-18 (1966). "What is obvious is not a question upon which there is likely to be uniformity of thought in every given factual context." *Id.* at 18. The jury is the finder of fact and, as a matter of law, is given deference on the *Graham* factual findings on appeal. *Reeves v. Sanderson Plumbing Products, Inc.*, 530 U.S. 133, 150-151 (U.S. 2000). In the event of a jury verdict favoring non-obviousness, the record evidence must be

construed in a manner consistent with a finding of non-obviousness. *Id.* Any recalculation of a jury's factual findings on appeal is prohibited. Applying a "clear error" standard, the Court of Appeals in *Wyers* did, however, recalculate the evidence, disagree with the jury's factual findings, and reverse on the basis of additional art and its version of "common sense." What becomes of the jury's role if it cannot be afforded deference on the question of common sense?

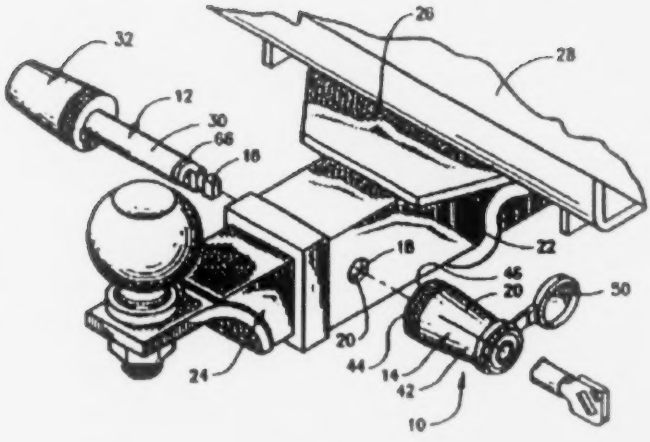
Uncertainty and confusion regarding the role of the reviewing court following a general verdict favoring non-obviousness has existed for some time, necessitating review by the United States Supreme Court. In 1995, three judges of the Federal Circuit outlined concerns regarding the role of the jury on the question of obviousness. *In re Lockwood*, 50 F.3d 966, 980 (Fed. Cir. 1995). In his concurring opinion in this case, Judge Linn "addressed concerns raised following the Supreme Court's decision in *KSR Int'l Co. v. Teleflex, Inc.*, 550 U.S. 398 (2007) with respect to general verdicts related to obviousness." MLC's parent company, Fortune Brands, has recently petitioned for certiorari on the role of a jury on the question of obviousness. 2009 WL 4875838 (U.S.). In this case, Judge Babcock expressed concern regarding the best form of verdict on the question of obviousness. A4836-40. Supreme Court direction on the questions presented is necessary to provide businesses, small and large, a level of certainty and predictability following a jury verdict.

On March 11, 2009, a jury of nine convened to consider the evidence Wyers presented during the proceeding eight day trial. As infringement and all other claims of invalidity had been disposed of by directed verdict in Wyers' favor,

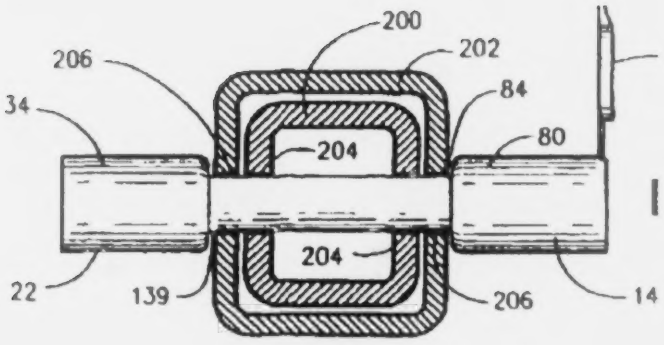
the two issues presented to the jury for deliberation were obviousness and damages. Prior to submitting the case to the jury, the parties stipulated to the instructions of law. Instructions 6 through 10 provided the jury with the law of obviousness as articulated in *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007). The stipulated jury instructions were read to the jury by Judge Babcock. A4919-4949. The jury found that MLC had failed to prove its claim of obviousness and awarded Wyers damages in the amount of $5.35 million for infringement of certain claims of the convertible shank patents (U.S. Patent No. 6,672,115 and 7,165,426) and the flat flange seal patent (U.S. Patent No. 7,225,649). The District Court denied MLC's renewed motion for JMOL on obviousness. MLC appealed.

On July 21, 2010, the Court of Appeals reversed the jury's verdict, invalidated the patents-in-suit and awarded costs to MLC. Announced as precedential, the Court of Appeals explicitly applied a "clear error" standard to the jury's verdict, analyzed obviousness on the basis of art that it concluded the jury did not consider, and found that the additional art, with its view of "common sense," rendered the patents obvious. In so doing, the following record evidence was rejected.

In the 1980s, Philip Wyers entered the field of lock design with a specific focus upon receiver locks. A receiver box is a square fixture (26) on the rear of a vehicle that receives a hitch bar (24) or other towing accessory:



A5132 (Figure 1). In the decades that preceded the invention, two distinct receiver-based towing systems dominated the market: Class II (light duty towing -- 5000 lbs) and Class III/IV (heavy duty towing -- 10,000 lbs). A4045-46, 4086. Different boxes call for different sized pins to secure the boxes to the tow bars. Class II boxes use a ½-inch receiver pin and Class III/IV boxes use a 5/8-inch pin. As receiver pins are the primary load-bearing portion of the towing system, a solid shank was the industry standard in the Class II (1/2") and Class III/IV (5/8") categories. A4082; A4490. The industry demanded that the load-bearing shank withstand shear forces triple the automotive towing standards, for good reason. A4046, A4489. The jury was shown, with demonstrative exhibits, how the lug apertures (204)(206) apply shear forces, and hammering forces, at four distinct locations along the load-bearing shank, a fact that one of ordinary skill in the art would know. A4083-84.



See A5639. Despite innovation at the margins of receiver pins, solid shanks remained the only available option until Wyers' disclosure. A4490. Wyers testified that the prior art receiver locks and conventional wisdom taught away from the use of any accessory on four load-bearing surfaces of the ½ inch pin. A4077-78 Wyers showed the jury the evolution of receiver pins starting in 1950 with the "pin and clip," and traced it through Holden (1983); CT Johnson (1986), Wyers' Combo lock (1993), Chang (1997), and Wyers' barbell lock (1998). A4058-4065. With each change, lock manufacturers offered a solid ½ inch version and a 5/8 inch version. A4082. For safety and integrity reasons, the use of a ½ inch pin with a Class III/IV receiver box was, therefore, forbidden. A4272. A ½ inch pin was not designed to closely fit with the apertures of the Class III/IV box nor was it designed to withstand 30,000 lbs of shear force. A4086. If the pin broke under the normal forces associated with towing, the load would break loose at great risk to the public. *Id.*

On April 23, 1999, Wyers disclosed his invention to Walmart and on April 23, 2000, Wyers sought protection through the claim limitations discussed below. On January 4, 2004, Wyers was issued the '115 patent. Claims 15, 19, 21 and 24 of the '115 and Claim 1 of the '426 method patent

were at issue during trial. Below, Figures 11 and 12 of the '115 patent depict a ½" lock and a load-increasing sleeve to make a universal receiver lock.

Fig.11

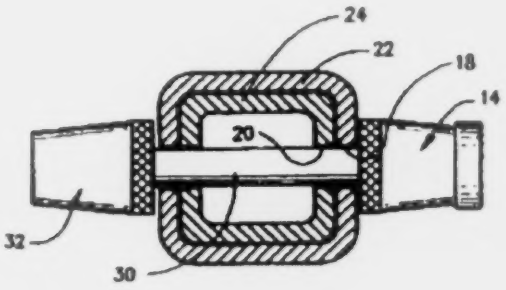
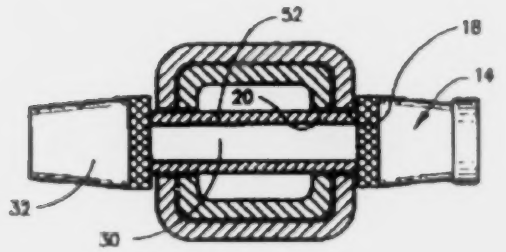


Fig.12

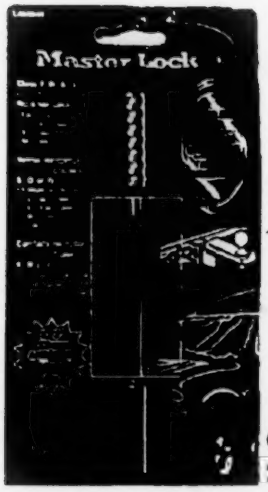


A5134.

The Court of Appeals' opinion notwithstanding, no evidence was presented at trial to suggest that the marketplace was calling for a change in the "two pin" paradigm. Otherwise, two pins would have been packaged together long ago, as was offered as a non-infringing substitute after Wyers' invention. MLC did not present articles, references or testimony that would suggest the marketplace was looking for a universal lock, as Wyers claimed, to address a retail shelf space problem. The Court of Appeals reliance on the specifications in the '115 patent as evidence supporting a pre-innovation, market-driven motivation was impermissible. *In re Deminski*, 796 F.2d 436 (Fed. Cir. 1986).

Once disclosed, industry skepticism existed. U-Haul expressed concerns when shown the idea in the summer of 1999. A4094-95. Chris Irgens, MLC's engineer charged with development of MLC's infringing product, testified that he performed safety testing because "it's a structural product and what I consider a product with some product reliability. Failure of the product could cause harm to product and people." A4810. Wyers shared this concern. A4083-84. He tested the invention only to reveal the unexpected: the convertible shank out-performed the Class IV solid shank counterpart by an order of 3000 lbs of shear load. A4089:19-23 ("I actually got a higher cross-sectional double shear load rating.").

Once proven, the claimed invention enjoyed commercial success, was praised, and inspired widespread copying. MLC admitted that universal receiver pins had replaced the two-pin market. A4477 ("In most situations those [sleeved locks] are the only products they see on the shelf."). It was undisputed that accused MLC receiver lock fully embodied the claim language of the '115 and '426 patents, creating a *Crocs* nexus. *Crocs v. Int'l Trade Comm'n*, 598 F.3d 1294, 1310 (Fed. Cir. 2010)(reversing in part on the basis that commercial success is presumed when the commercially successful product embodies the claim language). There is no dispute MLC changed its initial product packaging to call the consumer's attention to the patented feature. A4476 ("Q: It's a feature that you call out to the customer so they know you have it. A: Yes.").



← Sleeve Packaged on Shank

Copyright 2000

← Sleeve Packaged Separately

Copyright 2004

MLC sales presentations direct retailers to replace solid shank locks with sleeved locks. *E.g.* A4746-48, A6366(shows sleeved locks as premium lock), A6226 ("capitalizes on success of the 1480DAT, sleeved barbell receiver lock"). MLC admitted that it had a readily available, non-infringing substitute, but chose to use the infringing design. A4480. MLC testified that it might even exclude its competitor, Reece, from using the sleeve if possible. A4475. As a result of the patented feature, MLC was able to capitalize on the new market demand for convertible shanks Wyers created and enjoyed $37 million in sales over 5 years.

Ten days after Wyers shared his idea with MLC under a non-disclosure agreement, in November 1999, MLC claimed to have conceived a receiver lock that would infringe Wyers' '115 and '426 patents, as confirmed by Judge Babcock's finding of infringement by JMOL. A11410-A11452. In an "idea disclosure" authored by John B. Zapushek, Jr., a MLC Senior Design Engineer,

the "shaft sleeve to make lock universal" is identified as a new and novel feature of the lock design. On January 20, 2000, MLC requested that its patent counsel conduct a "patentability and clearance investigation" for the invention. On March 8, 2000, patent counsel responded that he believed MLC could obtain "substantial patent protection." On September 22, 2000, Mr. Irgens wrote patent counsel stating that he had received approval from Paul Peot, MLC's Vice President for Intellectual Property, to proceed with a utility and design patent. On February 12, 2001, MLC filed a patent application seeking broad coverage for a barbell lock ("pin locking device") and sleeve. A6008, A6018. MLC identified the Down patent (1976) in its application. MLC argued for the patentability of the convertible shank through two office actions. Ultimately, Wyers was issued the '115 patent and MLC amended its claims and obtained narrower coverage for a barbell lock and sleeve (issued claim 4). A5862-68, A5822-23. Wyers presented this evidence as praise for his invention and as admissions of validity.

I. A NEW TRIAL IS NECESSARY WHEN A REVIEWING COURT FINDS THAT THE JURY'S VERDICT ON VALIDITY WAS NOT PREMISED UPON ALL OF THE ANALAGOUS ART.

Close scrutiny of the approach announced in *Wyers*, and other patent cases discussed below, is necessary to ensure that an inventor's Seventh Amendment right to a jury trial is not curtailed. The Seventh Amendment has been jealously guarded by the United States Supreme Court since its inception. *Parsons v. Bedford*, 28 U.S. (3 Pet.) 433, 446, 7 L.Ed. 732 (1830) (Story, J.) ("The trial by jury is justly dear to the American people. It has

always been an object of deep interest and solicitude, and every encroachment upon it has been watched with great jealousy"). This Court has stressed the important role of the jury as the finder of facts:

> Maintenance of the jury as a fact-finding body is of such importance and occupies so firm a place in our history and jurisprudence that any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care.

See e.g. Dairy Queen, Inc. v. Wood, 369 U.S. 469, 472 (1962). Under the law of the Federal Circuit, a patentee is entitled to a jury trial on the question of obviousness, particularly when the challenger makes a jury demand as in this case. *Lockwood*, 50 F.3d at 976. While the ultimate question is a matter of law, obviousness is premised upon findings of fact. *Graham*, 383 U.S. at 17-18. Previously, the Federal Circuit has clearly stated that the patentee "is entitled to have the factual questions relating to validity . . . tried to a jury as a matter of right." *Lockwood*, 50 F.3d at 976. In light of the cases discussed below, the Court of Appeals decision in *Wyers* calls that right into doubt.

A reviewing court deprives a patentee of his or her right to a jury trial when it reverses a jury verdict, and invalidates a patent, on the basis of prior art that the court of appeals determines was not considered by the jury. According to Judge Linn, general verdicts present a challenge on appeal when the reviewing court is left to determine the jury's view of the factual questions that underpin its verdict. *Wyers*, 616 F.3d at 1247. In a typical case, the jury is asked to evaluate obviousness in light of identified prior art. Despite stipulated and clear

instructions of law, a reviewing court may not actually know whether the jury followed one of two (or more) tracks in reaching its ultimate verdict on obviousness:

> Track 1: The jury considered all references and ultimately found the weight of the evidence insufficient to invalidate; or
>
> Track 2: The jury considered only select references, to the exclusion of others, in completing the obviousness analysis.

Unless there are indications to the contrary, a court reviewing a general verdict should conclude, as a matter of law, that the jury followed Track 1. *Aramaic Tech., Inc. v. Cable & Wireless Internet Services, Inc.*, 344 F.3d 1186, 1192 (Fed. Cir. 2003). The reviewing court must draw all reasonable inferences in favor of the nonmoving party, and it may not make credibility determinations or weigh the evidence. *Lytle v. Household Mfg., Inc.*, 494 U.S. 545, 554-555 (1990).

When the reviewing court opts to follow Track 2, the patentee's right to a jury trial is in jeopardy. This is not the first time the Federal Circuit has reset the scope of the prior art (or the skill/knowledge of the ordinary artisan) *en route* to reversing the primary fact finder's so called "tainted" verdict. *See, DyStar Textilfarben GmbH & Co. Deutschland KG v. C.H. Patrick Co.*, 464 F.3d 1356, 1366-7 (Fed. Cir. 2006) (reversing a jury's verdict after concluding that the jury had not considered three prior art references); *Daiichi Sanko Co, LTD. v. Apotex,*

Inc., 501 F.3d 1254, 1257 (Fed. Cir. 2007) (reversing a verdict after determining the obviousness analysis was "tainted" by the failure to consider the *Ganz* reference in the obviousness analysis); *Asyst Technologies, Inc. v. Emtrak, Inc.*, 544 F.3d 1310, 1313 (Fed. Cir. 2008) (finding that the jury's failure to consider the *Hesser* reference fundamentally tainted its verdict). In each instance, the Federal Circuit conducted a *de novo* review of the *Graham* factual findings without deference to the jury's verdict. Remand was not ordered and the patentee lost the patent to art not considered by the jury. This case represents a troubling expansion of these cases. In *DyStar, Daiichi* and *Asyst Technologies*, special verdict forms served as the basis for the reviewing court's determination that the jury did not consider certain references. Here, the Court of Appeals had no record support for its conclusion that the Down patent, though admitted, was not considered by the jury. Only MLC's argument on appeal served as the basis for the Court of Appeals' conclusion that the jury did not consider Down.

The Supreme Court should review this trend and establish standards that align with the Seventh Amendment right to a jury trial and the patentee's Constitutional Right to Due Process prior to the loss of Federally-issued patent rights. If it is permissible to conclude that the jury failed to consider certain art in its general verdict, remand is the only appropriate remedy available to the challenger that also preserves the patent holder's right to a jury trial.

1. As a matter of law, the Federal Circuit should have presumed that the jury determined that the Down patent was of insufficient merit to warrant a finding of invalidity.

The jury was provided the Down patent (A9884), Wyers testified about it (A4326-28), and the jury was instructed by the District Court to consider it via Instruction 7. A4934-35. The Panel's contrary conclusion notwithstanding, the District Court did not find the jury excluded Down. Rather, the District Court noted that MLC's own internal documents provided support for the conclusion that MLC failed to rebut the statutory presumption of validity: "[a]dditional substantial evidentiary support came from MLC's own lock designers as expressed in MLC's Idea Disclosures 23 and 26, neither of which considered . . . the Down patent . . . relevant prior art." App. F, p. 69a. Put differently, the District Court found that ***the patent challenger***, MLC, did not consider the Down patent relevant when it pursued patent protection for the same idea, not that the jury failed to consider the Down patent prior to rejecting MLC's obviousness challenge.

Using the proper standard of review articulated by this court in *Reeves*, 530 U.S. at 150-151, the Court of Appeals should have concluded that the jury found the Down patent analogous but of insufficient weight to support MLC's claim of invalidity.

2. Remand for a new jury trial on the additional art was required when the Federal Circuit concluded that the jury's verdict was not premised upon the additional art.

Despite record evidence and instructions of law to the contrary, the Court of Appeals found that the District Court and the jury had excluded the Down patent from the pertinent prior art. Rather than correct the scope and content of the prior art and remand with instructions for the District Court, the Court of Appeals re-evaluated the *Graham* factual findings in light of Down. The court appears to have accepted MLC's invitation during oral arguments to recalculate the facts in light of Down:

> The underlying factual consideration here, which is at issue is: Is the 37D or the Down reference within the scope and content of the prior art? .... There is not substantial evidence for any finding that they are not relevant. Once they are relevant, the conclusion is obvious – it just naturally flows.

While the jury clearly disagreed, the Court of Appeals invalidated the '115 and '426 patents as "it was a matter of common sense to combine the Down patent with the prior art barbell locks in order to arrive at the invention ...." The problem: The jury's role was eliminated from the process in violation of Wyers' Seventh Amendment right to a jury trial. Reversing a jury's general verdict after assuming without record support that the jury did not consider analogous art is a fundamental deprivation of the patentee's Seventh Amendment right to a jury trial. *Connell v. Sears Roebuck & Co.*, 722 F.2d 1542, 1546 (Fed.

Cir. 1984) (holding that the Court "cannot substitute its view for that of the jury when to do so would be an effective denial of the right to trial by jury"). Contrary to MLC's suggestion, a jury instructed to consider additional art will not always invalidate, as evidenced by the fact this jury did consider Down but found the '115/'426 patents valid. Supreme Court review is required to establish that remand for a new trial on obviousness with instructions to consider the analogous art, is the only available option when the reviewing court and the jury disagree on the scope of the analogous art. Certainly, *de novo* review of the factual basis for obviousness following the Court of Appeals' conclusion regarding the scope the art was forbidden. *R.R. Dynamics v. A. Stucki Co.*, 727 F.2d 1506, 1513-24 (Fed. Cir. 1984)(noting that "we do not sit as fact-finders" in rejecting the request for a second trial, via a *de novo* review, at the appellate level).

Remand following an expansion of the prior art is analogous to remand following a revision of the construction of claims. Under Federal Circuit law, remand is required when claim construction is revised. *TI Group Automotive Systems (North America), Inc. v. VDO North America*, L.L.C., 375 F.3d 1126 (Fed. Cir. 2004), rehearing and rehearing *en banc* denied, *certiorari denied*, 543 U.S. 1147. In *TI Group Automotive Systems*, the Federal Circuit amended the construction of patent claim terms in a manner broader than construction provided to the jury. The change required remand for a new trial on alleged infringer's claim that patent was invalid, as the jury could only have compared prior art to erroneously narrowly construed claims. *Id.*

Perhaps the Court of Appeals did not remand for a new trial as it is of the opinion that a patent holder is not entitled, in all instances, to a jury trial on the question of obviousness. *In re Technology Licensing Corp.*, 423 F.3d 1286, 1288 (Fed. Cir. 2005) (holding that a patentee is not entitled to a jury trial when declaratory judgment on the question of obviousness is the only issue before the court). In her dissent to *Lockwood*, Judge Nies strongly advocated for the United States Supreme Court to review the Federal Circuit's finding that a patentee does have a right to a jury trial, in most circumstances. *Lockwood*, 50 F.3d at 980-90. Much like Judge Linn, Judge Nies questioned the value of a jury verdict when the ultimate question was a matter of law reviewed *de novo*. *Id.* at 987-90. This Court granted certiorari to address the patentee's right to a jury trial under the Seventh Amendment, *American Airlines v. Lockwood*, 515 U.S. 1182 (1995), but later vacated the grant when Lockwood withdrew his jury demand. Given the fact that the Court of Appeals did not remand this case for a new jury trial on the question of whether the claimed invention was obvious in light of Down, it is critical for the Supreme Court to grant certiorari for the express purpose of affirming the patentee's right to a jury trial on the factual findings set forth in *Graham* prior to invalidating his patents. Remand, rather than reversal, should have been the only appellate remedy available to MLC.

II. CERTIORARI SHOULD BE GRANTED TO ESTABLISH THE APPROPRIATE STANDARD AND APPROACH TO THE REVIEW OF A JURY VERDICT.

When a jury issues a general verdict of non-obviousness, Rule 50 of the Federal Rules of Civil Procedure governs the reviewing court's analysis. *Kemin Foods, L.C. v. Pigmentos Vegetales Del Centro S.A.*, 464 F.3d 1339, 1344 (Fed. Cir. 2006). The standard of review applicable to a jury verdict can and will have a dramatic impact on the result on appeal. In 1982, Justice Byron White dissented from the denial of two petitions for writ of certiorari wherein the appellants presented questions regarding the appropriate standard of review of a jury verdict under Rule 50 of the Federal Rules of Civil Procedure:

> This first conflict is parlayed by a second concerning the portion of the evidence a court is to consider in ruling upon a motion for judgment notwithstanding the verdict. These cases indicate that it is the Second Circuit's practice to examine all of the evidence in a manner most favorable to the nonmoving party. This is also the position of at least the Fifth and Seventh Circuits. In the Eighth Circuit, however, it appears that only evidence which supports the verdict winner is to be considered. The First and Third Circuits follow a middle ground: the reviewing court may consider uncontradicted, unimpeached evidence from disinterested witnesses. Thus, the federal courts of appeals follow three different

> approaches to determining whether evidence is sufficient to create a jury issue. *Because the scope of review will often be influential, if not dispositive, of a motion for judgment n.o.v., this disagreement among the federal courts of appeals is of far more than academic interest.*

Schwimmer v. Sony Corp. of America & Venture Tech Inc. v. Nat'l Fuel Gas Dist Corp, 459 U.S. 1007, 1009 (1982) (emphasis added) (internal citations omitted).

1. Confusion exists over the proper form of verdict on the question of obviousness.

The Federal Circuit has struggled with the standard of review applicable to jury verdicts on the question of obviousness, creating real uncertainty for litigants and the necessity of Supreme Court direction. The standard of review should be certain and without debate. Judge Nies noted that panels of the Federal Circuit struggle with the appropriate deference to provide a jury's verdict:

> The trial court's ruling on a JMOL motion may be no more than "Denied." *Sjolund*, 847 F.2d at 1576. We do not require a reasoned analysis from the trial judge. Some panel opinions speak of *de novo* review of the legal conclusion after accepting the presumed findings of fact. *Jurgens*, 927 F.2d at 1557. Others reject the *de novo* standard. *Bio-Rad Lab. v. Nicolet Instrument Corp.*, 739 F.2d 604, 607 (Fed. Cir.), *cert. denied*, 469 U.S. 1038, 105 S.Ct. 516, 83 L.Ed.2d 405 (1984). Still others conflate the standard to whether a "reasonable" jury

> could reach the verdict it rendered. *Sun Studs*, 872 F.2d at 982; *Shearing*, 975 F.2d at 1545; *Richardson*, 868 F.2d at 1235.

Lockwood, 50 F.3d at 989. Confusion and uncertainty abound as reflected by Judge Linn's concurrence. Here, the parties sought to submit special interrogatories to avoid a general verdict. Judge Babcock's order, as outlined below, is illustrative of the confusion that exists with judges and practitioners on how to best preserve a jury's factual findings:

> The parties are in hopeless disagreement as are the proposals on the question of obviousness. As you recite in your letter – cover letter to me delivering these materials yesterday, on a Sunday, you need some direction from the Court. Having requested direction, you will receive some direction.
>
> . . .
>
> 'While,' quote, 'it is preferred that a jury be provided special interrogatories designed to reveal more clearly the findings it made, absent such interrogatories the law presumes the existence of findings necessary to support the verdict the jury reached. The particular findings', continuing the quote, 'the jury must make before it can reach a verdict are controlled by the Court's instructions to the jury.' *Perkins Elmer, Corp. vs. Computer Vision, Corp.*, 732 F.2d at 893, Fed. Circuit, 1984.

'The general verdict thus includes the jury's legal conclusion and a set of implied fact findings. The latter being those necessary to support the legal conclusion encompassed in the verdict.' *Railroad Dynamics, Inc. v. A. Stucki, Co.* at 1516.

. . .

It is my view, in aid to counsel, that a more general verdict on the obviousness question would be appropriate.

The jury's answers to those questions then, presuming that the jury follows the Court's instructions, would be encompassed within instructions 17 through I think 21 [on obviousness]. Otherwise, what we have is a hopeless morass of questions that the jury must answer, and invites disaster in this case. Now the Federal Circuit says that we can do it that way. This law is good law. You asked for some direction. I don't imagine anybody likes it. Wyers likes its form on obviousness, Master Lock likes its form on obviousness. . . . So that's my direction. It sure makes it cleaner for the jury, and it makes it cleaner for us, and ultimately given the Circuit authority on this question, cleaner for the Circuit . . . . I don't know how to answer [the proposed special interrogatories] either. Your questions or Master Lock's questions.

A4836:21-4840:21.

Significantly, MLC agrees that the Supreme Court should grant certiorari to address the appropriate standard of review for a jury verdict on obviousness. MLC and Acushnet are both wholly owned subsidiaries of Fortune Brands, Inc. In 2009, Fortune Brands filed a petition for writ of certiorari through Acushnet and asked the Supreme Court to "review and correct the Federal Circuit's methodology for reviewing jury obviousness holdings." 2009 WL 4875838, at *24 (U.S.). Wyers and MLC agree that the Federal Circuit's methodology, approach and review standard for jury verdicts should be clarified through an opinion of the Supreme Court.

2. The standards applicable to the review of a verdict under Rule 50 and Rule 52 are very different.

Through *Wyers*, the Federal Circuit compounded the confusion over the appropriate standard of review by announcing that a jury verdict would now be reviewed for "clear error." *Wyers*, 616 F.3d at 1247. Citing *KSR*, the Court of Appeals held that a jury verdict may be overturned even if evidence supported the verdict. Id. at 1239. Previously, the "clearly erroneous" standard was applied exclusively to the appellate review of a trial to the bench under Rule 52(a) of the Federal Rules of Civil Procedure. *Specialty Composites v. Cabot Corp.*, 845 F.2d 981, 989 (Fed. Cir. 1988). Clear error is defined, under Federal Circuit law, as a situation where, "despite some supporting evidence, the reviewing court is left with the definite and firm conviction that a mistake has been made." *Golden Blount, Inc. v. Robert H. Peterson*, Co., 438 F.3d 1354, 1361 (Fed. Cir. 2006).

The "clear error" standard is very different from the Rule 50 standard announced by Supreme Court:

> Under Rule 50, a court should render judgment as a matter of law when "a party has been fully heard on an issue and there is no legally sufficient evidentiary basis for a reasonable jury to find for that party on that issue." [T]he court must draw all reasonable inferences in favor of the nonmoving party, and it may not make credibility determinations or weigh the evidence. "Credibility determinations, the weighing of the evidence, and the drawing of legitimate inferences from the facts are jury functions, not those of a judge." Thus, although the court should review the record as a whole, it must disregard all evidence favorable to the moving party that the jury is not required to believe. That is, the court should give credence to the evidence favoring the nonmovant as well as that "evidence supporting the moving party that is uncontradicted and unimpeached, at least to the extent that that evidence comes from disinterested witnesses."

Reeves, 530 U.S. at 150-151 (internal citations omitted).

The differences between Rule 50 and Rule 52 are significant, for good reason. Under Rule 52, the district court sits as the finder of fact and is expected to make explicit factual findings. When reviewing a general verdict under Rule 50, or even a verdict accompanied by special interrogatories, the reviewing court is not expected to know the nature of the deliberations that occur in the jury room. For this reason, the jury is given greater deference in the following ways. Under Rule 50, the reviewing court may not make credibility determinations or weigh the

evidence. Under Rule 52, clear error exists even in spite of evidence supporting the result if the reviewing court has a firm conviction that a mistake was made. Under Rule 50, the reviewing court "must disregard all evidence favorable to the moving party that the jury is not required to believe." Under Rule 52, the reviewing court necessarily relies upon evidence that was favorable to the moving party. Rather than disregarding the evidence supporting the result, under Rule 50, the reviewing court must "give credence to the evidence favoring the nonmovant as well as that 'evidence supporting the moving party that is uncontradicted and unimpeached, at least to the extent that that evidence comes from disinterested witnesses.'" *Id.* This case provides a good vehicle to demonstrate the differences between a Rule 50 and Rule 52 review.

3. The Federal Circuit's application of the clear error standard creates a split in the circuits.

As review of a denial of a renewed motion for judgment as a matter of law is not unique to patents, the Federal Circuit applies the local circuit's law. *Kinetic Concepts, Inc. v. Blue Sky Med. Group, Inc.*, 554 F.3d 1010, 1017 (Fed. Cir. 2009). By applying the "clear error" standard, the Federal Circuit broke from the other circuits, particularly the Tenth Circuit, the regional circuit in question. Under Tenth Circuit law, an appellate court may not weigh the evidence, evaluate the credibility of witnesses, or substitute its conclusions for those of the jury. *See Medlock v. Ortho Biotech, Inc.*, 164 F.3d 545, 549 (10th Cir. 1999). "[W]e determine only whether the jury verdict is supported by substantial evidence when the record is viewed most favorably to the prevailing party. Substantial evidence is something less than the weight of the evidence,

and is defined as such relevant evidence as a reasonable mind might accept as adequate to support a conclusion, even if different conclusions also might be supported by the evidence." *Webco Indus., Inc. v. Thermatool Corp.*, 278 F.3d 1120, 1128 (10th Cir. 2002). The Tenth Circuit will only reverse "if the evidence points but one way and is susceptible to no reasonable inferences supporting" the nonmoving party. *Medlock*, 164 F.3d at 549.

4. The record evidence, when viewed through the lens defined in *Reeves*, demanded affirmance of the jury's verdict.

Applying a clear error standard, the Court of Appeals found that the patents were invalid. Had the Federal Circuit reviewed the record under the standards articulated in *Reeves*, the Court would have sustained the jury's verdict as Wyers' evidence established: (1) differences between the claimed invention and the prior art, (2) industry teachings against the invention, (3) skepticism, (4) unexpected results, (5) commercial success, (6) copying, and (7) MLC's admissions of validity and praise.

On differences, the Court of Appeals agreed that there were "distinctions" between the prior art and the invention. *Wyers*, 616 F.3d at 1243. Rather than deferring to the jury on this pure question of fact, however, it concluded those distinctions were "slight." *Id.* The jury disagreed, for good reason. Claim 19 of the '115 patent, which was not expressly reviewed by the Court of Appeals, requires:

> 19. A locking device adapted for alternative close-fitted insertion within a first aperture

> having a first diameter and a second aperture having a second diameter larger than the first diameter, comprising:
>
> (A) a shackle member including
>
> (1) a cylindrical shank having a shank diameter of a first selected size for mated engagement with the first aperture such that said shank may be inserted into and removed from the first aperture
>
> . . . .
>
> (B) a locking head . . .
>
> (C) a sleeve formed as a cylindrical shell having ***an inner diameter sized and adapted for close-fitted yet removable telescopic engagement on said shank*** and a ***larger, outer diameter of a selected size for close-fitted, mated engagement with the second aperture***, said ***sleeve operative when received on said shank*** such that said shank and sleeve any be inserted together into and together removed from the second aperture.

A5142-43. At trial, Brian Costley, MLC's obviousness expert confirmed that the claim language requires that the sleeve closely fit the second set of apertures associated with the Class III/IV box:

Q: So what this claim language requires is that this device go through and selectively engage both sides' apertures. Sorry, selectively engage the apertures of the hitch bar, correct?

A: Yes.

Q: And you understand that this is to be a close tolerance?

A: What is to be a close tolerance?

Q: The sleeve within the aperture - holes?

A: Are you talking about diameters?

Q: Yes.

A: It's ideal for it to be a close fit.

Q: And that's what this claim language requires, correct?

A: I am sorry, I didn't answer your last question. You are correct, yes.

A4619. Mr. Costley then testified that that prior art he evaluated, MLC's 37DAT, did not disclose that a close-fitted engagement:

Q: But in terms of the claim language of the '115, [the 37D sleeve] does not adapt it for purposes of close fitted, correct?

A: That is – in those words, that is correct, yes.

A4668. As the Down patent was disclosed after discovery was complete, Mr. Costley was silent on that reference. In his testimony, Mr. Wyers stated that the above claim language was not disclosed in the Down reference:

Q: Would the trailer towing eyes be load-bearing surfaces?

A: Well, I mean in the picture you thumbed by it looked like it didn't have the snug-fitted-mated engagement. It looked like there was more play in the device.

A4328. It was undisputed at trial that the prior art did not disclose the use of a sleeve for "close-fitted," "mated engagement" with the shank and the apertures of the towing apparatus. The Federal Circuit typically affirms jury verdicts simply on the basis of a single difference between the prior art and the claimed invention. In *Kinetic Concepts v. Blue Sky Med. Group, Inc.*, the Federal Circuit affirmed a jury's verdict of non-obviousness even when there was competing evidence on whether the prior art disclosed the claim for "treating wounds with negative pressure." *Kenetic Concepts*, 554 F.3d at 1020 (Dyk, J. dissenting). In *Callaway Golf v. Acushnet Co.*, Judge Dyk affirmed the jury's verdict after finding that the record supported the conclusion that the prior art did not disclosed the hardness claim limitation contained in the Sullivan patent. 576 F.3d 1331 (Fed. Cir. 2009). Six days prior to the filing of this petition, the Federal Circuit affirmed a jury's finding of non-obviousness after concluding that the evidence supported the jury's

conclusion that the prior art did not disclose a limitation required by the claims. *Uniloc USA, Inc. v. Microsoft Corp.*, 2011 WL 9738, at *28 (Fed. Cir. Jan. 4, 2011).

The differences continue. Claims 21 and 24, which were not reviewed, require a shackle (30) and sleeve (52) that create "one operative thickness." Wyers patent col.11, ll.45-50. As Judge Babcock noted, the Down patent does not teach the use of a sleeve to create an "operative thickness". A3851. To create an "operative thickness", the '115 requires the sleeve have a "snug engagement" or "close fitted insertion within . . . apertures" (18)(20). Wyers patent col.11, ll.41-2.

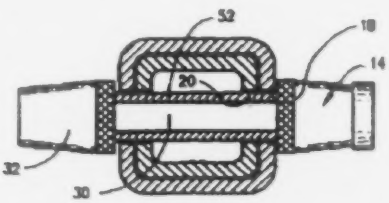
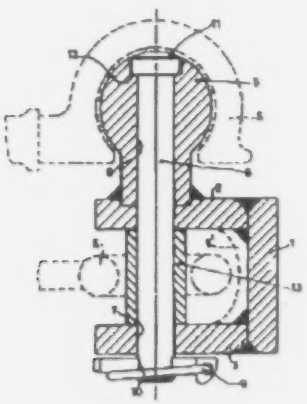


Fig.12

In contrast, the Down sleeve (13) "spans the space **between** the two lugs" (7) and does not sit within the apertures (7).



A9885, Figure 2.

The Court of Appeals disagreed with the jury's finding of validity by concluding that the Down sleeve was load-bearing. *Wyers*, 616 F.3d at 1243. While the Down sleeve provides a load bearing *surface*, much like a cardboard cylinder would, the sleeve in Down is not a load bearing *structure*. At best, the jury heard that Down teaches a protective "bushing." A4328. More to the point, Wyers discloses a load *increasing structure*. The record evidence established that the claimed sleeve creates a "second operative thickness" that increases the towing capacity of the shank by 18,000 pounds. A4089. If a wax shank were used in Down and Wyers, the Down sleeve, under load, would shear the shank, whereas the sleeve claimed in Wyers would protect the shank from shear forces. Down discloses a single load bearing surface and is silent on the scissor/shear forces inherent within the apertures. Based on the record evidence, the jury was free to conclude that Down did not teach the use of a sleeve to alter the towing capacity of the primary load-bearing shank when placed within the apertures of a towing apparatus.

In light of the jury's verdict, *Reeves* required the Court of Appeals to conclude that the jury felt the above differences favored non-obviousness. Whether these differences were "slight" or significant was a fact question for the jury, not the Court of Appeals, to decide. *KSR*, 550 U.S. at 420. Nothing in *KSR* changed the jury's role in assessing whether there are sufficient differences or whether those differences could be overcome by resort to ordinary creativity and common sense. The Federal Circuit wrongly concluded that this Court's holding in *KSR* directed it to weigh the evidence before a jury and permitted it to reverse the jury's verdict on the question of obviousness, even in the presence of evidence that the

patent-in-suit was not obvious. *Wyers*, 616 F.3d at 1239. This conclusion is directly at odds with the above quoted language from this Court's decision in *Reeves*. This Court's decision in *KSR*, a summary judgment case, did not provide a reviewing court with authority to reweigh the record evidence or to use its common sense to overturn a properly instructed jury's expression of common sense.

Here, the jury was instructed to consider Down and advised that, consistent with *KSR*, "the person of ordinary skill is also a person of ordinary creativity that can use common sense to solve problems." A4938. Mr. Wyers was the only witness to address Down and he was not asked to discuss whether the ordinary locksmith would have overcome the differences by resort to common sense and ordinary creativity. *Innogentics, N.V. v. Abbott Labs.*, 512 F.3d 1363, 1373 (Fed. Cir. 2008) (rejecting a claim of obviousness where no witness testified "how or why a person or ordinary skill in the art would have found the claims of the '704 patent obvious"). Where the art is easily understandable and expert testimony is not required, the jury's expression of common sense should have prevailed. The Court of Appeals committed error when it concluded that the differences were "slight" and would have been overcome by resort to common sense.

Additionally, Wyers presented evidence that the prior art receiver pins taught away from his invention and that, when tested, the invention provided an unexpected improvement over the prior art. *United States v. Adams*, 383 U.S. 39, 40 (1966). Contrary to *KSR* and *Crocs*, the Court of Appeals ignored or rejected evidence of teaching away and unexpected results. In *Crocs*, the prior art taught away from the use of a foam strap due to concerns

over deformation and comfort. *Crocs*, 598 F.3d at 1308 (reversing a finding of obviousness as inventor presented evidence of teaching away and unexpected results). The Federal Circuit found that the inventor's testimony regarding the benefits of the invention over the prior art was sufficient to establish that the combination at issue yielded more than predictable results. *Id.* at 1309.

Had the Court of Appeals applied *Reeves*, *Adams* and *Crocs* to the present case, it would have found Wyers' uncontradicted testimony sufficient to establish that the prior art teachings and unexpected results were sufficient to rebut the claim of a motivation to combine. As in *Crocs*, the evidence here demonstrated that the ordinary artisan would have reason for concern regarding the effectiveness of the claimed convertible shank considering the anticipated load requirements and shear forces. A4071, A4083-84, A4094-95, A4810. Identical to the testimony in *Crocs*, Wyers testified that the combination of a Class II shank and the claimed load-increasing sleeve surprisingly out-performed a Class IV solid shank. A4089-4095. At a minimum, this testimony was substantial evidence in support of the jury's verdict that MLC had not met its burden to prove the patents invalid by clear and convincing evidence.

Objective indicia of non-obviousness, such as commercial success and copying, "can be the most probative evidence of non-obviousness and enables the court to aver the trap of hindsight." *Crocs*, 598 F.3d at 1310. A *prima facie* case of commercial success is presumed when "the marketed product embodies the claimed features and is coexistive with them." *Ormco Corp v. Align Tech, Inc.*, 463 F.3d 1299, 1311-12 (Fed. Cir. 2006). Here, as in *Crocs*,

Wyers presented evidence of a nexus as the 1480 DAT fully embodies the claims of the '115 and '426. *Crocs*, 598 F.3d at 1310-11. Additional evidence of the nexus included the product packaging, the marketing materials, the failure to use the non-infringing substitute, the stated desire to exclude others from using the sleeve and MLC's admission that the two pin market was supplanted by the universal lock. The Court of Appeals has mistaken the market's favorable response to the benefits realized after Wyers' disclosure for a pre-existing "market pressure." *Wyers*, 616 F.3d at 1241. There is no evidence that this invention was a response to "a design need or market pressure to solve a problem." *KSR*, 550 U.S. at 421. MLC did not offer an article, brochure or industry publication to suggest that the market was demanding a one-lock solution to the two-lock industry, the Court of Appeals should have found that the jury factually concluded the innovation was not a response product to market demand. *Reeves*, 530 U.S. at 150-51.

MLC even admitted to widespread copying. According to MLC's Vice President, every major manufacturer features a sleeved product. A4486. Mr. Peot agreed that there has been widespread use of the claimed design by all major lock manufacturers, some of whom have used the sleeve to gain Walmart's business. A4490; 4571. The District Court specifically found that MLC had admitted Wyers' innovation inspired widespread copying – yet the Court of Appeals ignored this finding.

5. The Court of Appeals erred by finding that admissions of validity, and statements of praise, by the infringer are irrelevant to rebutting a claim of obviousness.

MLC admitted the claimed invention is nonobvious, and praised it. The Court of Appeals incorrectly stated that MLC, in seeking a patent for its own convertible shank, "did not claim the sleeve represented novel aspect of the invention" *Wyers*, 616 F.3d at 1242. Citing around Down (A6049-58), MLC did claim the sleeve as a novel feature in its '905 patent application and maintained that position until the '115 patent was issued on January 4, 2004. A6049, A5942. The jury was provided internal documents which concluded: "Novel feature: shaft sleeve to make lock universal" and "one lock can be used for two different sized hitches." A11410-11452; A4543-4552.

An earlier attempt to obtain a patent for what the infringer now claims to be invalid is "inconsistent" with the claim of invalidity. *Paramount Publix Corp. v. Am. Tri-Ergon Corp.*, 294 U.S. 464, 477 (1935); *Haughey v. Lee*, 151 U.S. 282 (1894). While not sufficient to create an estoppel, which Wyers never sought, no court has found that the infringer's prior attempt to obtain the same patent is inadmissible. Certainly, praise for the invention at the time of its disclosure is admissible. The jury was entitled to rely upon this evidence in concluding that MLC had not met its burden of proof. The exclusion of this evidence on relevancy grounds, particularly when no objection was made at trial, is contrary to *Paramount Publix*, FED. R. EVID. 402, and 801(d)(2).

III. A COURT MAY NOT OVERTURN A JURY VERDICT AND INVALIDATE A PATENT ON THE BASIS OF COMMON SENSE.

This Court reaffirmed in *KSR* that the finder of fact should resort to common sense when evaluating the *Graham* factors. Common sense is a pure question of fact. *Graham*, 383 U.S. at 18. *KSR* did not authorize a court to replace the jury's presumed view of common sense with its own. *Reeves* and *KSR* instruct, rather, that the reviewing court conclude that the jury found "common sense" to favor non-obviousness when the jury issues a general verdict of validity after being properly instructed on the law of obviousness. By concluding that these patents are invalid in light of its own common sense, the Court of Appeals either concluded that (1) despite a jury verdict of validity, common sense factually compelled a finding of obviousness; or (2) regardless of the jury verdict, common sense is a question of law for the court to decide. Certiorari is necessary to establish that both lines of reasoning are flawed and invite hindsight bias.

Initially, the record was legally insufficient to support the Court of Appeals finding regarding common sense. Record evidence of the ordinary artisan's common sense, at a minimum, is required before "common sense" may be used to invalidate a patent. *In re Zurko*, 258 F.3d 1379, 1383-85. "At its core, our anti-hindsight jurisprudence is a test that rests on the unremarkable premise that legal determinations of obviousness . . . should be based on evidence rather than on mere speculation or conjecture." *Alza Corp. v. Mylan Labs., Inc.*, 464 F.3d 1286, 1290 (Fed. Cir. 2006). "Common knowledge and common sense do not substitute for facts." *Perfect Web Tech. v. InfoUSA, Inc.*,

587 F.3d 1324, 1328-29 (Fed. Cir. 2009) (*citing In re Lee*, 277 F.3d 1338, 1344 (Fed. Cir. 2002)). "Assumptions about common sense cannot substitute for evidence thereof." *DyStar*, 464 F.3d at 1366 (emphasis in original). "Merely saying that an invention is a logical, commonsense solution to a known problem does not make it so." *Trimed v. Stryker*, 608 F.3d 1333, 1343 (Fed. Cir. 2010)(reversing as the record was "devoid" of evidence addressing why a person of ordinary skill would view the invention as a common sense solution). Common sense cannot render a patent obvious where "basic knowledge and common sense [were] not based on any evidence in the record." *Zurko*, 258 F.3d at 1383-85. The reviewing court may not "simply reach conclusions based upon its own understanding or experience or on its assessment of what would be basic knowledge or common sense. Rather, the [Panel] must point to some concrete evidence in the record to support its findings. To hold otherwise would render the process of appellate review for substantial evidence on the record a meaningless exercise." *Id.* at 1386; *see also In re Kahn*, 441 F.3d 977, 987-88 (Fed. Cir. 2006).

The Court of Appeals opinion is directly contrary to *KSR*, *Zurko* and *Trimed*. Wyers was the only witness to comment on Down and he did not testify that his invention represented a common sense solution. Even in conclusory terms, no witness supported the following conclusion:

> [I]t was a matter of common sense to combine the Down patent with the prior art barbell locks in order to arrive at the invention claimed in the '115 and '426 patents; and that one of ordinary skill in the art would have had a reasonable expectation of success in doing so.

Wyers, 616 F.3d at 1243. By relying upon its common sense, the Court of Appeals fell into the trap of hindsight. *Iron Grip Barbell Co., Inc. v. USA Sports, Inc.*, 392 F.3d 1317, 1320 (Fed. Cir. 2004) (stating that the use of a common sense test of obviousness falls into the hindsight trap). As there was no evidence upon which the jury could have concluded that the patents were invalid in light of common sense, the Court of Appeals' conclusion was not evidence based, particularly in light of the jury's contrary verdict. *Reeves*. 550 U.S. at 150-51.

More importantly, common sense is not a question of law left for the reviewing court to decide on appeal from a jury's verdict. *KSR*, 550 U.S. at 421 ("[R]igid preventative rules that deny factfinders recourse to common sense . . . are neither necessary under our case law nor consistent with it."). In its precedential opinion, the Federal Circuit concluded otherwise: "Thus, in appropriate cases, the ultimate inference as to the existence of a motivation to combine references may boil down to a question of 'common sense,' appropriate for resolution on summary judgment or JMOL." *Wyers*, 616 F.3d at 1240. Consistent with the holdings in *KSR*, Supreme Court review is necessary to address the precedent setting question of whether a court of appeals has the authority to reverse a jury's verdict by resort to a version of common sense at the expense of the jury's presumed findings on the same question.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

AARON P. BRADFORD
Counsel of Record
DONALD E. LAKE
LATHROP & GAGE LLP
950 17th Street, Suite 2400
Denver, Colorado 80202
(720) 931-3200
ABradford@LathropGage.com

Attorneys for Petitioners